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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

BOB STUMP – Chairman
GARY PIERCE
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SUSAN BITTER SMITH

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IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES, LLC, DBA JOHNSON
UTILITIES COMPANY FOR AN INCREASE IN
ITS WATER AND WASTEWATER RATES FOR
CUSTOMERS WITHIN PINAL COUNTY,
ARIZONA.

DOCKET NO. WS-02987A-08-0180

PROCEDURAL ORDER
(Setting Procedural Conference)

BY THE COMMISSION:

On March 31, 2008, Johnson Utilities, LLC, dba Johnson Utilities Company ("Johnson Utilities" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an increase in its water and wastewater utility rates.

The parties to this docket are Johnson Utilities, Swing First Golf, LLC ("Swing First"), the Town of Florence ("Florence"), the Residential Utility Consumer Office ("RUCO"), and the Commission's Utilities Division ("Staff").

On July 16, 2013, the Commission issued Decision No. 73992. Decision No. 73992 increases the Company's rates to reflect recovery of income tax expense as requested by the Company, classifies the income taxes as an imputed expense, and requires the filing of a full rate case for both its water and wastewater divisions no later than June 30, 2015, using a 2014 test year.

Johnson Utilities and RUCO each requested rehearing of Decision No. 73992 pursuant to A.R.S. § 40-253, which requests the Commission granted on August 15, 2013. On September 11, 2013, the Commission also reopened this docket pursuant to A.R.S. § 40-252 for purposes of considering whether to modify any Commission Decisions entered in this docket related to determinations in the Decisions that may be implicated by RUCO's and Johnson Utilities' applications for rehearing of Decision No. 73992, in order to ensure that RUCO and Johnson Utilities have an opportunity to address the matters raised in the rehearing applications. The motion directed

1 the Hearing Division to conduct proceedings and hold evidentiary hearings in order to take evidence
2 in accordance with the *Scates* opinion¹ and Arizona law.

3 On October 4, 2013, a procedural conference convened as scheduled to discuss the schedule
4 for the presentation of evidence in the rehearing proceeding in accordance with the *Scates* opinion
5 and Arizona law. Johnson Utilities, RUCO, and Staff appeared through counsel and discussed the
6 evidence to be presented.

7 On October 8, 2013, a Procedural Order was issued setting initial filing dates for the rehearing
8 proceeding in accordance with the discussion at the October 4, 2013 procedural conference.

9 On November 4, 2013, Johnson Utilities and RUCO filed a Settlement Agreement.

10 On November 19, 2013, a Procedural Order was issued setting a procedural conference to
11 allow the parties to discuss an appropriate procedural schedule.

12 On November 19, 2013, the procedural conference convened as scheduled. Johnson Utilities,
13 RUCO, and Staff appeared through counsel, and set forth their positions on the need for a hearing and
14 a possible hearing schedule. No other parties appeared.

15 The Settlement Agreement calls for two changes to Decision No. 73992: 1) a decrease in
16 wastewater rates due to a reduction in the income tax rate of 36.6558 percent approved by Decision
17 No. 73992, down to 25.00 percent; and 2) a change in Decision No. 73992's requirement for the
18 filing of a full rate case for Johnson Utilities' water and wastewater divisions no later than June 30,
19 2015, using a 2014 test year, to June 30, 2016, using a 2015 test year.

20 Counsel for Staff stated that Staff opposed the Settlement Agreement's proposed change to
21 the timing of the rate case filing requirement.

22 On December 31, 2013, Johnson Utilities filed, in Docket No. WS-02987A-13-0477, an
23 application for approval of a sale and transfer of assets and conditional cancellation of its Certificate
24 of Convenience and Necessity.

25 On January 17, 2013, Johnson Utilities and RUCO each filed in this docket Direct Testimony
26 of their respective witnesses in support of the Settlement Agreement.

27
28 ¹ *Scates v. Ariz. Corp. Comm'n*, 118 Ariz. 531, 578 P.2d 612 (Ariz. App. 1978).

1 Accordingly, a procedural conference should be set to allow the parties an opportunity to
2 discuss an appropriate date for the rehearing of Decision No. 73992 and associated procedural
3 deadlines, and appropriate public notice of the rehearing.

4 IT IS THEREFORE ORDERED that a **procedural conference** in the above-captioned matter
5 is hereby scheduled to commence on **January 30, 2014, at 10:00 a.m.**, or as soon thereafter as
6 practicable, at the Commission's offices, 1200 West Washington Street, **Hearing Room No. 1**,
7 Phoenix, Arizona 85007.

8 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
9 or waive any portion of this procedural order either by subsequent procedural order or by ruling at
10 hearing.

11 DATED this 22^d day of January, 2014.

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14 
15 TEENA JIBILIAN
ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered
17 this 22nd day of January, 2014 to:

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